

structured instruments. And as a result, they have to be extraordinarily careful where they set the yuan.

Our financial services sector, if permitted to assist the Chinese Government and the Chinese economy, will eliminate that excuse.

In addition, Mr. Speaker, it's clear that giving access for our financial services sector into the Chinese market will be beneficial to Chinese consumers. They'll have more access to pensions, health insurance, retirement funds, those sorts of things. But it will also have the effect of freeing up capital.

At the moment, the Chinese Government is interested in migrating from manufacturing as its principal source of strength for its economy toward services. Given the nature of how that economy is set up, in order to do that, a very liquid, dynamic, adaptable capital investment system needs to be established which will enable individual Chinese and small groups of Chinese to form microbusinesses in the services sector.

If we are successful in assisting the Chinese in providing this capital, to enable it to move more toward services, that has the advantage to our manufacturing industries that's fairly obvious and to the world generally.

Mr. Speaker, I reserve the balance of my time.

Mr. ROSKAM. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I'm pleased to rise today in strong support of House Resolution 552, a measure calling on the government of the People's Republic of China to remove barriers to the United States financial service firms doing business in China. And I'm pleased to partner with Chairman FRANK, Ranking Member BACHUS, and the gentleman from Georgia (Mr. MARSHALL) on what I think is a really important initiative.

Some of my prepared remarks, Mr. Speaker, would be cumulative in light of the gentleman's remarks, but let me just kind of fill in some other aspects and highlight a couple of the points that he made.

First of all, these are all commitments that the Chinese Government has made. This is not negotiating a new set of agreements. This is not contemplating something that hasn't literally been agreed to before. All we're doing in this resolution is putting the Chinese Government on notice, A, that we're watching; and, B, that we have expectation that they're going to do exactly what they committed themselves to do.

Secondly, you know, if you look at what the gentleman from Georgia described, that is, the Chinese economy, there are some that suggest that of 1.3 billion individuals, Mr. Speaker, only 1 million Chinese individuals currently have use of credit cards in China, compared to 480 million people who have access to cell phones.

Now, if you begin to think about where this can go, right now the Chi-

nese economy is somewhat held back in a way, because the Chinese consumers and the Chinese financial markets don't have these kinds of tools, and they have a savings rate that almost takes our breath away. About a third of the savings, you know, they're saving at about 33 percent, which, what does that mean? That means that those dollars or that currency is not available to purchase things, particularly from the United States, which, as the gentleman pointed out, creates a very difficult situation in terms of our trade deficit.

I view the Chinese economy almost like a potted plant, Mr. Speaker; a plant that, at first glance, may look to be flourishing, but over a period of time, as that plant matures, and as it develops, it reaches a point at which the roots need to go deeper. And I think that this is the point in the Chinese economic growth where China's roots need to go deeper. They need to go deeper into the ground. And our financial services sector, Mr. Speaker, is robust and dynamic, and offers something that I think is a great opportunity.

But the unnatural truncating, the unnatural prohibition of the Chinese Government of prohibiting American firms to come in, I think, ultimately has a negative impact on our economy, has a negative impact on our growth, and certainly has a negative impact on the 700 million people who are in China and who are still living in poverty.

And I just want to highlight an aspect of this that has an impact on my district, because I represent a district outside of Chicago that employs about 68,000 individuals, about 1,100 manufacturing firms, who are really suffering and struggling based on the currency manipulation issue that the gentleman outlined. This is a way out. This is a way to move forward. And I think it is incumbent upon us, and I very much appreciate the gentleman's work on this in a bipartisan way. It is incumbent upon us to move forward and to urge and cajole and push and give a sharp word to the Chinese Government that they need to make these reforms and do these things to which they've previously committed.

Mr. Speaker, I reserve the balance of my time.

Mr. MARSHALL. Mr. Chairman, to the remarks made by the gentleman from Illinois (Mr. ROSKAM), I would simply add that the Chinese economy at the moment is not very diverse. It's actually fairly fragile. It's quite large, but it's way too dependent upon manufacturing and the consumption of others, not its own consumers, but consumers throughout the world. If there's a downturn elsewhere in the world, it dramatically impacts the Chinese economy. And it is not in the interest of the globe, frankly, to have an economy that's as large as China's and as fragile as China's. So from our own economic perspective, it's good to cause the Chinese market to diversify.

In addition, as it stands now in China, there is a very thin middle class. The availability of American financial products can help expand the size of that middle class. And it is middle classes that head governments in good directions, that insist that governments be responsible and responsive to the people, that head governments more toward being democratic governments. So there's another reason that this is a very wise move, not only for the United States, but also for the Chinese Government.

I yield such time as he might consume to the chairman of the committee, who does a great job as our chairman, the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK of Massachusetts. Mr. Speaker, I appreciate the very important work the gentleman from Georgia (Mr. MARSHALL) is doing on this, and the bipartisan cooperation we have.

It is really disappointing that we have to bring this resolution forward. It does not speak well of the government of the People's Republic of China that this is necessary, because they are trying to have it both ways in an inappropriate manner.

On the one hand, China insists on being treated with the respect due a great world power. And they are proud of their economic strength, and they say to America, in fact, they try to have it both ways in two ways. Maybe they're trying to have it four ways, because what they tell us is, open up, economic competition is the way. If we are selling more goods in your country than you are selling in ours, that's because we're doing a better job of it. And so they want respect as a world power, and they want an openness in the economy, but only in one way, because when it comes to areas of economic activity where they don't have that overwhelming advantage, where, frankly, cheap labor doesn't buy you a lot, where our technology and our level of sophistication works to our advantage, all the arguments they've used go out the window. Now they're no longer this great world power. They're a poor country that has to shelter its banking activity from the United States and others. They don't single us out. They shut out much of the world.

The argument that you should open up your economy and let economic forces play out, without imposing political barriers, that apparently works with manufacturing of their goods, but that's exactly the argument they repudiate when we talk about our financial institutions.

I would add that there is, of course, another example of this with regard to the intellectual property failings in China, but we're here to focus on the financial services. And so what we are saying to the Government of China is, essentially, I guess I would say this, they may be credited with one of the great engineering feats in history, even more impressive than the Great Wall of China, is turning the Pacific Ocean